

UTS 142.1 Monitoring Plan

Audit Report # 23-108

April 10, 2023



The University of Texas at El Paso
Office of Auditing and Consulting

"Committed to Service, Independence and Quality"



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Office of Auditing and Consulting Services

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April 10, 2023

Dr. Heather Wilson
President, The University of Texas at El Paso
Administration Building, Suite 500
El Paso, Texas 79968

Dear Dr. Wilson:

The Office of Auditing and Consulting Services has completed a limited-scope audit of UTS 142.1 Monitoring Plan. During the audit, we identified opportunities for improvement and offered the corresponding recommendations in the audit report. The recommendations are intended to assist the department in strengthening controls and help ensure that the University's mission, goals and objectives are achieved.

We appreciate the cooperation and assistance provided by Vice President for Business Affairs (VPBA) and the Office of Research and Sponsored Projects (ORSP) staff during our audit.

Sincerely,

A handwritten signature in blue ink that reads 'Lori Wertz'. The signature is written in a cursive, flowing style.

Lori Wertz
Chief Audit Executive

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EXECUTIVE SUMMARY

Background

In accordance with [The University of Texas System \(UTS\) Policy 142.1, Policy on the Annual Financial Report, Section 4.3](#), each institution is required to develop and maintain a Monitoring Plan for the segregation of duties and reconciliation of cost centers and project accounts. The overarching goal of the account reconciliation and certification process is to detect any potential errors or misappropriation of funds in a timely manner. It should be noted that UTS 142.1 was amended to UTS 142 on October 31, 2022, subsequent to the scope of this audit.

Audit Objectives

The objective of the audit is to:

- perform testing of the [Monitoring Plan](#) and sub-certification process as required under UTS 142.1, and
- validate management's assertions on segregation of duties and account reconciliations.

Scope

The scope of the audit includes all PeopleSoft/SAHARA and Project Information Center (PIC) transactions, reconciliations, approvals and certifications for cost center and project accounts in Fiscal Year (FY) 2022.

Strengths

Reconciliation of Project Accounts in SAHARA (effective Fiscal Year 2023): Although project accounts were still reconciled in PIC during Fiscal Year 2022, they are now required to be reconciled in SAHARA as of September 1, 2022. Attachments were required in SAHARA for all accounts as of September 1, 2022, as well.

SAHARA Training Improvements: As a result of the prior year audit, several improvements were made to the online SAHARA trainings in Fiscal Year 2023. A high-level training was offered to reconciliation approvers. These individuals received short training videos via email on the account reconciliation process. In addition, Financial Services and ORSP worked with the PeopleSoft Office to develop updated procedures for the account reconciliation process, to include a discussion of acceptable support documentation to be maintained in SAHARA. A refresher training course was offered to existing reconcilers in September 2022, and this updated version is now offered monthly by the PeopleSoft Office. They also offer Quick Guides, videos, and FAQs on their training website.

VPBA Monitoring Procedures: The VPBA implemented monitoring procedures in Fiscal Year 2022 that resulted in the review of over 400 accounts. The procedures and the results of their monitoring activities are well documented and executed. The monitoring activities help identify departments that need additional training, in addition to departments that do not perform account reconciliations.

Summary of Audit Results

Issue	Risk Ranking
1. Active accounts not found on VPBA Certification Account List.	High
2. Account owners did not certify \$5 million in expenditures. 10% of account owners included comments indicating an additional 118 certified accounts were not actually reconciled or reviewed.	High
3. Account owners certified accounts that were not reconciled, approved, or reconciled/approved timely.	High
4. Many account reconciliations did not contain adequate support documentation for expenditures.	Medium

Conclusion

Based on the results of audit procedures performed, we conclude that not all active accounts are found on the VPBA Certification Account List. Additionally, some account owners certified accounts with comments indicating that accounts were not actually reconciled or reviewed. Although the VPBA has developed an escalation process for account owners who do not certify their accounts or express exceptions in certifications, the process is not documented. OACS could not verify the escalation process.

We also conclude that account owners certified accounts that were not reconciled, approved, or reconciled/approved timely. Additionally, many account reconciliations did not contain adequate support documentation for expenditures. Further work needs to be done to ensure all account owners are held accountable for the reconciliation and certification processes.

Furthermore, we conclude that management does monitor SAHARA account reconciliation in compliance with University policy; however, account reconcilers and account owners were not notified of non-compliant monthly reconciliation completion status for Fiscal Year 2022.

BACKGROUND

In accordance with [The University of Texas System \(UTS\) Policy 142.1 \(UTS 142.1\), Policy on the Annual Financial Report, Section 4.3](#), each institution is required to develop and maintain a Monitoring Plan for the segregation of duties and reconciliation of cost centers and project accounts. The overarching goal of the account reconciliation and certification process is to detect any potential errors or misappropriation of funds in a timely manner. It should be noted that UTS 142.1 was amended to UTS 142 on October 31, 2022, subsequent to the scope of this audit.

Per [The University of Texas at El Paso Cost Center/Project Review Policy in the Handbook of Operating Procedures \(HOP\)](#), the oversight of the reconciliation process is the responsibility of the Vice President for Business Affairs (VPBA).

The scope of the audit includes all PeopleSoft/SAHARA and Project Information Center (PIC) transactions, reconciliations, approvals and certifications for cost center and project accounts in Fiscal Year 2022.

Project accounts were not reconciled through SAHARA in Fiscal Year 2022. The account reconciliation and approval process were facilitated through the PIC tool, and project account owners record their final certifications in SAHARA. Effective Fiscal Year 2023, however, all accounts (cost centers and project accounts) were required to be reconciled in SAHARA.

The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

AUDIT RESULTS

A. Certification Process

1. Active accounts not found on VPBA Certification Account List.	High Risk
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In accordance with [UTS 142.1](#), the University is required to obtain a written representation from each cost center owner and Principal Investigator (PI) for sponsored projects certifying that proper internal controls are maintained within their department and that the cost centers/projects they are responsible for have been reconciled.

The Vice President for Business Affairs sends a memo with a list of all accounts that need to be certified to account owners. Our testing indicated there were 99 active accounts with expenditures in Fiscal Year 2022 absent from the list.

	Number of Accounts Absent from VPBA Certification List	Total FY 2022 Expenditures
Cost Center Accounts	56	\$ 1,057,272
Project Accounts	5	\$ 557,783
E Cost Centers	38	\$ 3,696,302
Total	99	\$ 5,311,357

*Data Source: FY 2022 PeopleSoft Budget Overview Expenditures

Total expenditures on certification list for FY 2022 are \$652,718,326. Absent accounts represent 1% of total expenditures. Account reconciliations are an effective tool to detect errors and fraud timely. A complete list of active accounts to certify is necessary to reduce the risk of errors and fraud.

Since the VPBA certification list of accounts is not complete, the risk that the University does not comply with financial reporting requirements and fair presentation of the financial statements increases. Additionally, the University internal control monitoring may be limited.

Recommendation:

The VPBA should develop a process to identify all active accounts to ensure that all appropriate accounts are certified.

Management Response:

There is a process in place used to identify all active accounts. However, this is a manual process that involves several departments, which could lead to errors. In some cases, accounts were identified to be included in the certification process, but were ultimately excluded from the active list. We will continue to review and adjust this process to ensure all active accounts are included in the certification process. We expect this to be ongoing until the process can be automated to eliminate human error.

Responsible Party:

Charlie Martinez, AVP/Comptroller

Implementation Date:

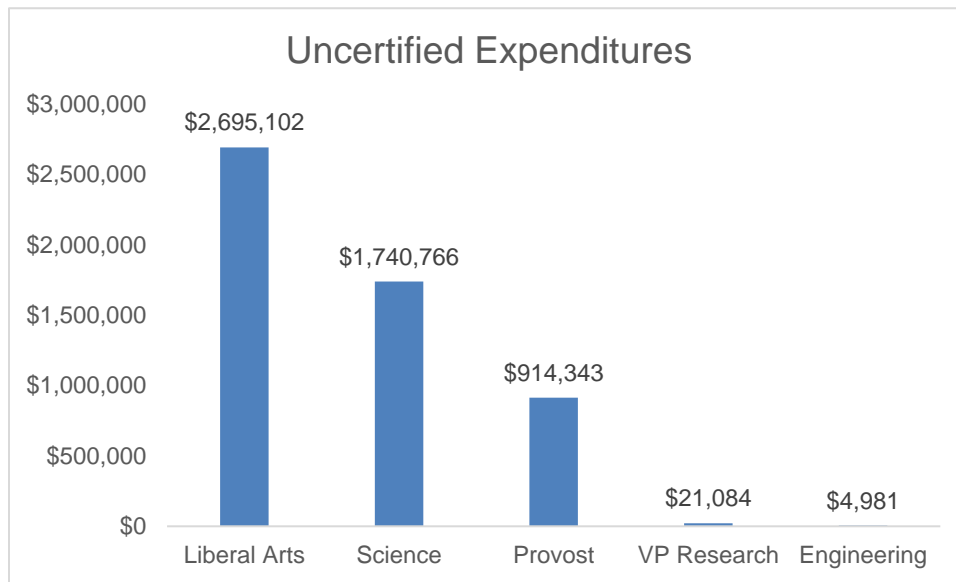
09/30/2024

2. Account owners did not certify \$5 million in expenditures. 10% of account owners included comments indicating an additional 118 certified accounts were not actually reconciled or reviewed.	High Risk
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Annual certification is required by [UTS 142.1 Monitoring Plan](#) and the [UTEP HOP](#). However, there are no consistent consequences when a cost center/project account owner does not follow the policy and procedures.

Eight account owners, with a combined \$5 million in Fiscal Year 2022 expenditures, did not certify in SAHARA after receiving the certification memo and reminders from the VPBA. The VPBA escalated reminders to Deans, CAOs, and the Provost when account owners failed to certify or did not certify timely. However, this process was not documented and proved to be ineffective.

The uncertified expenditures belonged to account owners in the following business units:



*Data Source: FY 2022 PeopleSoft Budget Overview Expenditures

Total expenditures on the certification list for FY 2022 were \$652,718,326. Uncertified accounts represent 1% of total expenditures.

The Office of Auditing and Consulting Services (OACS) also noted that although 389 account owners certified their accounts, 39 (10 percent) of these account owners indicated that 118 accounts were not actually reconciled or reviewed.

Based on the account owners' comments, OACS determined that there is a lack of understanding of the connection between certifying an account and monthly reconciliations/approvals required for these accounts, although the VPBA communicated the relationship between these processes in the certification memo sent to account owners.

This issue was also noted in the UTS 142.1 Monitoring Plan Audit for Fiscal Year 2021.

Recommendation:

The VPBA should develop a documented escalation process for account owners who do not certify their cost center/project accounts are reconciled in SAHARA, which includes consequences and accountability, such as limiting access to accounts. Additionally, they should implement a documented process for timely review of account owners' exceptions on certifications in SAHARA.

Management Response:

There is an escalation process currently being followed as documented by the table below. The associated policy in the Handbook of Operating Procedures has been updated to include the following statement related to monthly reconciliations; “Departments failing to comply with this requirement will be reported to upper management and may result in having departmental budgets temporarily frozen.” In addition, a final summary report of the certification process, including a listing of those individuals failing to comply with the requirement was provided to upper management and presented to Cabinet. User comments will continue to be reviewed and addressed as needed during the certification process.

Notice	Date	
Initial notice	Wednesday, October 12, 2022	
1st Reminder	Friday, October 21, 2022	list sent to CAOs
2nd Reminder	Wednesday, October 26, 2022	list sent to CAOs
Final Reminder	Friday, October 28, 2022	DUE DATE - list to CAOs/cc Deans
Past Due #1	Tuesday, November 1, 2022	list sent to CAOs/cc Deans
Past Due #2	Thursday, November 3, 2022	list sent to CAOs/cc Deans
Past Due #3	Monday, November 7, 2022	list directly to Deans & CAOs
FINAL NOTICE	Wednesday, November 9, 2022	CC Provost/VP on email to outstanding faculty/staff
	Friday, November 11, 2022	Final list of non-compliance submitted to President/VPBA
CLOSE APPLICATION	Monday, November 14, 2022	

Responsible Party:

Charlie Martinez, AVP/Comptroller

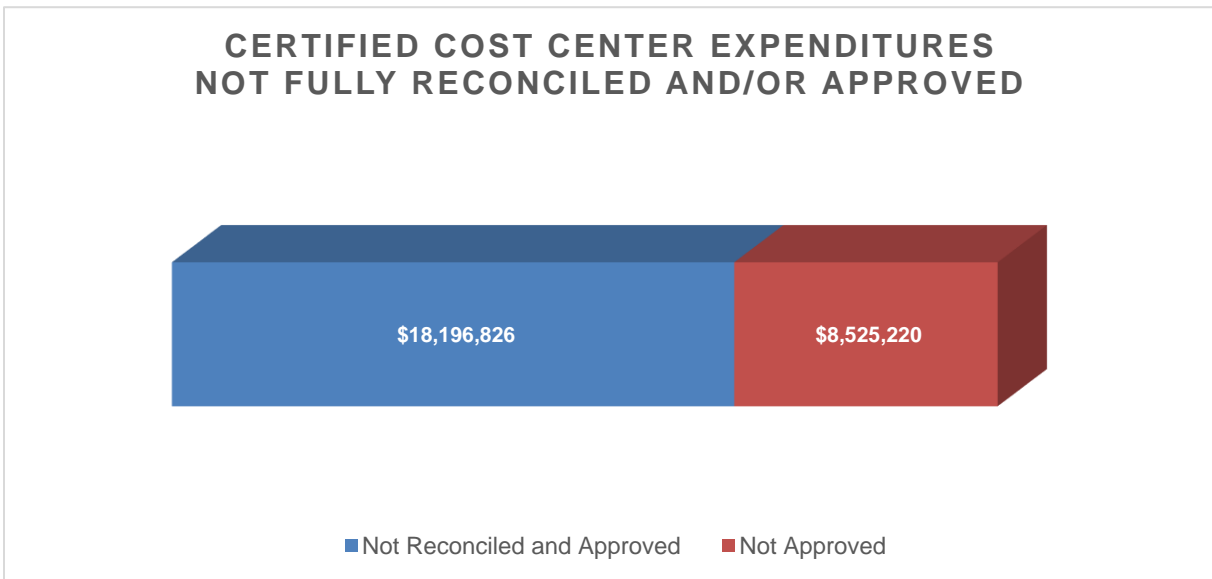
Implementation Date:

08/31/2023

B. Account Reconciliations

3. Account owners certified accounts that were not reconciled, approved, or reconciled/approved timely.	High Risk
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Certified unreconciled and unapproved cost center accounts represented \$18.1 million in Fiscal Year 2022 expenditures, with an additional \$8.5 million in unapproved expenditures.

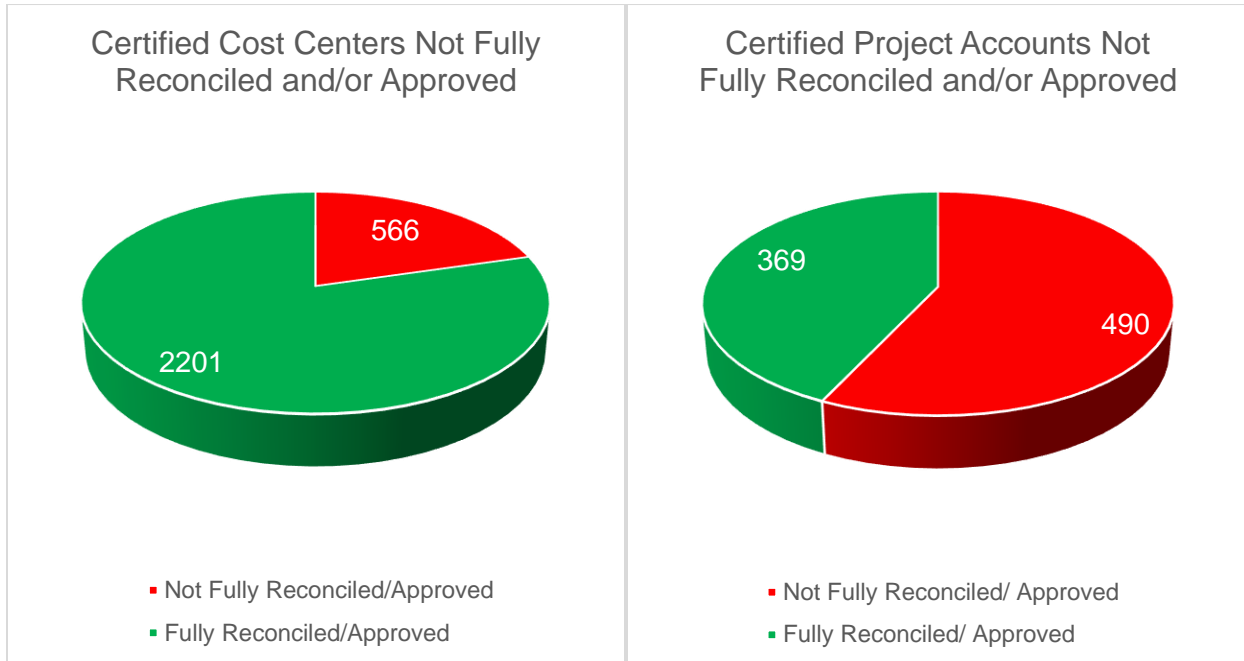


*Data Source: FY 2022 PeopleSoft Budget Overview Expenditures

Total cost center expenditures certified for FY 2022 were \$474,561,758. Unreconciled and unapproved cost center accounts represent 6% of total expenditures.

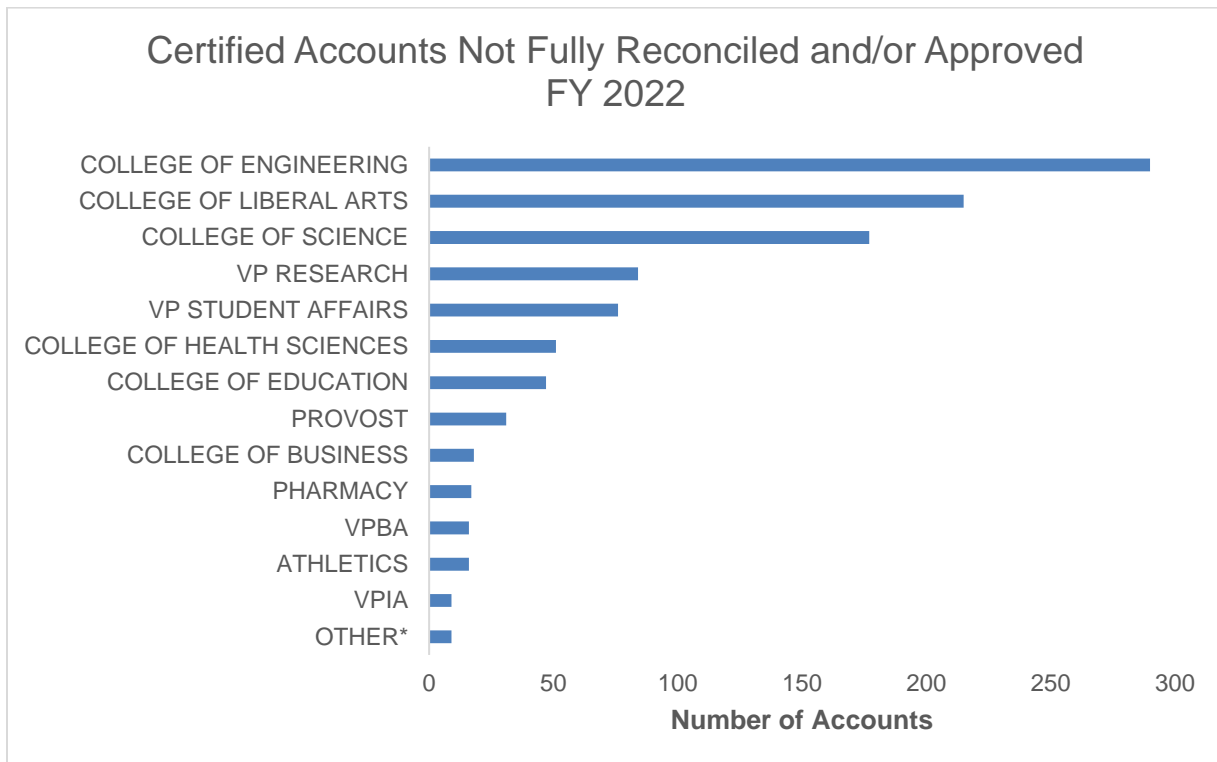
*Project account expenditures for Fiscal Year 2022 could not be determined based on limited data provided through PIC. For Fiscal Year 2023, project account reconciliation and approval will be completed in SAHARA and expenditure details will be available.

OACS tested all Fiscal Year 2022 certified accounts to determine if accounts were fully reconciled and approved. The results are as follows:



- Of 566 certified cost centers not fully reconciled and/or approved, 372 were not reconciled and approved, and an additional 194 were not approved.
- Of 490 certified project accounts not fully reconciled and/or approved, 146 were not reconciled and approved, and an additional 344 were not approved.

The certified accounts not fully reconciled and/or approved in FY 2022 belonged to account owners in the following business units:



*OTHER: Business units with less than 5 certified accounts not fully reconciled and/or approved in FY 2022.

Additionally, detailed sample testing resulted in the following for Fiscal Year 2022:

- 33% of the (15/46) sampled accounts that were certified and reconciled were not reconciled timely, averaging 111 days past the due date.
- 49% of the (20/41) sampled accounts that were certified, reconciled, and approved were not approved timely, averaging 125 days past the due date.

There is a general absence of urgency for timely preparation and approval of account reconciliations, resulting in a lack of segregation of duties. This fiduciary responsibility ultimately rests with the account owner of each cost center/project account.

When account owners do not reconcile and/or approve their accounts in a timely manner, there is an increased risk of error or fraud that could lead to financial loss for the University.

This issue was also noted in the UTS 142.1 Monitoring Plan Audit for Fiscal Year 2021.

Recommendation:

The VPBA should develop a documented escalation process for account owners who do not reconcile and approve their accounts timely to ensure accountability. This process may include monthly automated email reminders to account owners and reconcilers who have not approved their reconciliations. Additionally, quarterly reports to supervisors indicating outstanding account reconciliations not approved for the quarter may be sent for further examination.

Management Response:

Management agrees with the recommendation. We will expand our compliance monitoring program of SAHARA account reconciliations and approvals on a monthly basis. We will generate a report and graphs by Division and College. The escalation process will be achieved through the summarized compliance report that will be made available to all Division heads for their review and follow-up with their team members. At the request of Division heads, the report can be expanded to reveal the non-compliant cost centers, the owners' names, and their email addresses. At present, PeopleSoft does not have a SAHARA automated feature that is capable of sending email reminders to non-compliant account owners. The viability of this enhancement will be discussed with UT Share.

Responsible Party:

Daniel Dominguez, Director Accounting & Reporting

Implementation Date:

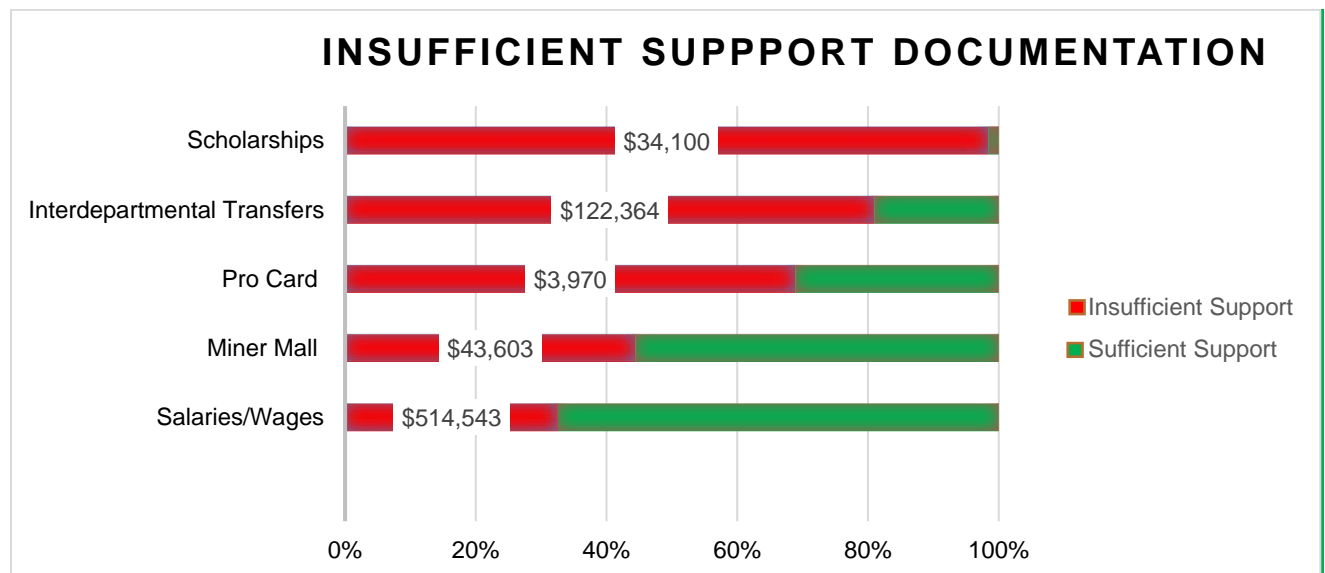
05/31/2023

4. Many account reconciliations did not contain adequate support documentation for expenditures.	Medium Risk
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Although training improvements were made in response to the prior year audit recommendations, there is still inconsistent guidance regarding acceptable support documentation. As a result, many account reconciliations were incomplete, resulting in a greater risk that error or misappropriation of assets was not detected.

59% (27/46) or \$718,580 of reconciled certified accounts tested did not have adequate support documentation in compliance with the UTEP HOP Policy.

The following transaction types lacked adequate support documentation:



An additional \$75,328 of miscellaneous revenues did not have adequate support documentation, although they are not currently required to be reconciled. Miscellaneous revenues can include items such as payments for services provided by recharge centers.

This issue was also noted in the UTS 142.1 Monitoring Plan Audit for Fiscal Year 2021.

Recommendation:

OACS recommends that all reconcilers and approvers take a mandatory refresher training to ensure that the proper support documentation is maintained and attached to SAHARA on a monthly basis.

Management Response:

We will work with the PeopleSoft team to ensure the annual refresher training is made available in late summer, early fall. This training will be mandatory for all reconcilers and approvers.

Responsible Party:

Daniel Dominguez, Director Accounting & Reporting

Implementation Date:

09/30/2023

C. Discussion Points

Project Account Monitoring

Project account reconciliation (PIC) monitoring was partially completed in Fiscal Year 2022. ORSP indicated a lack of personnel to perform monitoring for the entire year. For Fiscal Year 2023, project account reconciliation monitoring will be performed by the VPBA, as project owners are required to reconcile and approve in SAHARA.

Employee Training

- SAHARA trainings should include examples of acceptable documentation required to support all expenditures and miscellaneous revenue.
 - Pro Card Transactions: The current SAHARA training presentation only requires the monthly Pro Card Summary log to be attached in SAHARA. However, OACS suggests that all invoices/receipts be attached within SAHARA as well.
 - Scholarships: The current SAHARA training only requires reconcilers to attach PeopleSoft queries, internally reconciled worksheets, and validation of student names. OACS suggests that copies/screenshots of scholarship

- requirements, confirmations that the student recipient meets those requirements, and copies of emails/approvals of the scholarship award be attached as well.
- Miscellaneous Revenue: The current SAHARA training does not address miscellaneous revenue; however, the VPBA has stated that going forward miscellaneous revenue would be included in trainings.
 - SAHARA trainings should be required, not recommended, for approvers.

RANKING CRITERIA

Priority	An issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
High	A finding identified by internal audit considered to have a medium to high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level.
Medium	A finding identified by internal audit considered to have a low to medium probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.
Low	A finding identified by internal audit considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.

Report Distribution:

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System Audit Office

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Mr. Fernando Ortega
Mr. Mark McGurk
Dr. John Wiebe
Mr. Daniel Garcia
Ms. Guadalupe Gomez

Auditors Assigned to the Audit:

Joanna Tapia, Senior Auditor I
Jannell Ballin, Auditor II

APPENDIX A

UTS 142.1 Policy on the Annual Financial Report

Sec. 1 Purpose

This policy provides for financial reporting requirements and duties related to those responsible for financial reporting, the approval of accounting records and responsibilities for establishing internal controls to ensure that funds are expended and recorded appropriately, and procedures for obtaining services by an external audit firm.

Sec. 2 Principles

The University of Texas System institutions are responsible for the accuracy and integrity of their financial statements. Management at each institution provides an annual certification of compliance with financial reporting requirements and the fair presentation of the financial statements. The certification includes the acknowledgement of responsibility for establishing and monitoring internal controls.

Sec. 3 Requirement and Responsibility

The combined financial statements of The University of Texas System are prepared in accordance with Governmental Accounting Standards Board requirements and in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements. The Financial Reporting Officer has direct responsibility for the establishment of efficient and effective internal controls over the preparation of the annual financial report.

Sec. 4 Designation of Financial Reporting Officer

The Chief Administrative Officer of each institution and U. T. System Administration shall designate a single financial reporting responsible party, known as the Financial Reporting Officer.

4.1 Each institution's Financial Reporting Officer is directly responsible to the respective Chief Administrative Officer for the integrity of the institution's annual financial report.

4.2 The U. T. System Administration Financial Reporting Officer is directly responsible to the Chancellor for the integrity of the U. T. System Administration Annual Financial Report and the consolidated U. T. System Annual Financial Report.

Sec. 5 Duties of Financial Reporting Officer

The Financial Reporting Officer has direct responsibility for the establishment of efficient and effective internal controls over the preparation of the annual financial report.

The Financial Reporting Officer shall develop or update a monitoring plan for the segregation of duties and reconciliation of accounts. The monitoring plan should be risk-based and establish the minimum requirements for the institution.

Sec. 6 Certification

The Chief Administrative Officer and Financial Reporting Officer will attest to the accuracy of the institution's financial statements in an annual certification letter to the Financial Reporting Officer of U. T. System Administration. They will also certify compliance with the U. T. System Financial Code of Ethics and to knowledge of any violations of the Financial Code of Ethics.

6.1 Certification. The certifying officials will provide a certification according to the format specified in the attached letter in Appendix 1.

6.2 Financial Code of Ethics. The Financial Reporting Officer will certify compliance with the Financial Code of Ethics (UTS134) by those involved in the preparation of the annual financial report and whether, to the Financial Reporting Officer's knowledge, any of those employees violated the Financial Code of Ethics. See Appendix 2 for the Financial Code of Ethics certification form.

Sec. 7 Internal Audit Risk Assessment and Certification of the Monitoring Plan

The institutional Chief Audit Executive shall perform an annual risk assessment of the Monitoring Plan. The institutional Chief Audit Executive will certify within 60 days of the fiscal year end, to the Financial Reporting Officer of U. T. System Administration, whether an audit was performed based on the risk assessment and discussion with the institutional audit committee. See Appendix 3 for the Internal Audit Certification form.

Sec. 8 External Audit of the Financial Statements

An external audit firm may be engaged to express an opinion on the U. T. System financial statements or the financial statements of any of its institutions.

8.1 Contracts. The Audit, Compliance, and Risk Management Committee of the Board of Regents is responsible for contracting with any external audit firm for the expression of an opinion on the U. T. System financial statements or individual financial statements of any institution. If the contract exceeds \$1 million, it must be approved by the Board of Regents.

8.2 External Audit Results. The results of any external audits that express an opinion on the financial statements of the U. T. System or any of its institutions should be presented to the Audit, Compliance, and Risk Management Committee of the Board of Regents.

8.3 Conflicts of Interest. An external audit firm engaged to express an opinion on the U. T. System financial statements or those of any institution must be free of any conflict of interest as prescribed by Regent Rule 20402, 2. Sec. 1.3.

Sec. 9 Approval Required by the State Auditor's Office

9.1 Texas Government Code Section 321.020(a) provides that a state agency may employ a private auditor to audit the state agency only if:

- a) the agency is authorized to contract with a private auditor through a delegation of authority from the state auditor;
- b) the scope of the proposed audit has been submitted to the state auditor for review and comment; and
- c) the services of the private auditor are procured through a competitive selection process in a manner allowed by law.

9.2 General Appropriations Act prohibits funds appropriated in the Act to be used to enter into a contract with an independent audit entity or audit services, except as follows:

- (1) an interagency contract with the State Auditor's Office (SAO) for the SAO to provide audit services to the agency or institution. At the discretion of the State Auditor and the Legislative Audit Committee, the SAO may conduct the audit or the SAO may enter into a contract with an independent audit entity to conduct the audit; or
- (2) a contract with an independent audit entity for the provision of audit services pursuant to §321.020, Government Code.

Definitions

Financial Reporting Officer - person directly responsible to the respective Chief Administrative Officer for the integrity of the institution's annual financial report.

Additional Definitions in Regent Rule 20402

APPENDIX B

UTEP Handbook of Operating Procedures (HOP), Section 7

Chapter 5: Cost Center/Project Review Policy

In accordance with UTS 142.1 (<http://www.utsystem.edu/board-of-regents/policy-library/policies/uts1421-policy-annual-financial-report>), which calls for the establishment of efficient and effective internal controls over the preparation of the financial report, all cost center/project administrators are required to ensure the respective cost centers and/or projects for which they have signature authority are reconciled and approved on a monthly basis.

Cost center/project review and approval demonstrates accountability for financial resources and assures University administration and external parties that fiscal resources are monitored and maintained in accordance with University Policies and Procedures. This process is essential for an effective internal control environment to ensure:

- The accuracy and validity of the entries and balances.
- Transactions are accurately recorded.
- Unauthorized charges/changes did not occur.
- Resolution of discrepancies occurs in a timely manner.

5.1 Responsible Parties

- Cost Center Owners/Principal Investigators (PI)
- Cost Center/Project Administrators
- Business Centers and Center Managerial Staff
- Chief Financial Officer
- General Accounting
- Contracts and Grants Accounting

5.2 General Guidelines for Cost Centers and Capital Projects

The cost center/capital project administrator of record should assign the monthly reconciliation process to someone in the department who is familiar with the financial activity to ensure that an effective review occurs. In addition, cost center/project administrators should either perform the monthly review and approval of the reconciliation or delegate that process to another full-time managerial staff position who is familiar with the financial activity and is not the reconciler. Cost center/project

administrators may not delegate the fiduciary responsibility for University assets to another individual. Following these guidelines ensures proper segregation of duties.

The reconciliation, review and approval process should occur monthly and within 30 days after the month-end close. Departments are notified by email of each month-end close. Cost center and project review and approval will occur in the SAHARA application available in PeopleSoft.

5.2.1 General Guidelines for Sponsored Projects

The sponsored project administrator of record who is familiar with the financial activity is responsible for the preparation of the monthly reconciliations. The project PI is responsible for the certification of the accuracy of expenditures and confirmation that the reconciliation is done accurately and timely. The PI may not delegate the fiduciary responsibility for University grant-related assets to another individual. Following these guidelines ensures proper segregation of duties.

The reconciliation, review and approval process should occur monthly and within 30 days after the month-end close. Departments are notified by email of each month-end close. Sponsored project review and approval will occur in the Project Information Center (PIC) application.

5.3 Cost Center/Project Reconciliation

A formal reconciliation of the accounting records from the University's official accounting system is required monthly. The reconciliation function consists of:

- Comparing departmental supporting documentation to the actual charges recorded in the cost center/project listed in the PeopleSoft SAHARA application (cost centers/capital projects) or the PIC application (sponsored projects).
- Ensuring all transactions have supporting documentation and are accurate, authorized and appropriate to the mission of the department and University.
- Ensuring all transactions meet applicable Federal, State, Sponsor, U.T. System, or University policies, regulations, guidelines and laws; and transactions from gift funds are allowable or consistent with the donor agreement.
- Identifying discrepancies and ensuring they are resolved within 60 days after their identification. The administrator or designee should follow up to ensure all the corrections have been made and recorded. Completing the system reconciliation by clicking the appropriate check box in the SAHARA application for cost centers and capital projects.
- Sponsored projects administrators are responsible for notifying the PI that reconciliation and verification is complete and ready for certification.

5.4 Cost Center/Project Review and Approval Process

The cost center/project review and approval process is broader and less detailed than those steps required for the reconciliation. Specifically the approver should consider the following:

- Do the transactions appear appropriate for department/grant/University business?
- Are there any suspicious looking transactions?
- If the review process has been delegated, is there an indication of a review? Is there an explanation for any unrecognized transactions?

When the approver is assured all transactions are logged, accurate, appropriate, and authorized, he/she will check the “approved” check box in SAHARA and certification boxes in PIC indicating approval of the reconciliation and notes regarding any reconciling items for the month’s activity.

5.5 Retaining Documentation

Supporting documentation for recorded transactions used for the review process must be retained. Documents may be retained in any manner deemed most efficient by each department so long as the documentation may be easily accessed and produced upon request (to include but not limited to electronic file copies). The reconciliations and supporting documentation should be retained in accordance with the most current state record retention schedule (https://www.utep.edu/purchasing-and-general-services/_Files/docs/records-management-retention-schedule/RetentionSchedule.pdf).

5.6 Annual Certification

On an annual basis, all cost center and capital project administrators and sponsored project PIs must certify that reconciliations have been completed in accordance with this policy. The certification will be completed within the PeopleSoft application.

5.7 Definitions

Internal Controls - A process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Reconciliation - The process of comparing information from two separate sources and, providing explanations for any differences. For departmental purposes, the process

consists of comparing the supporting documentation retained by the department to the information recorded in the PeopleSoft SAHARA application.

Review - The process of examining the reconciliation for accuracy and reasonableness.

Segregation of Duties - The concept of having more than one person required to complete a task. The separation by sharing one single task by more than one individual is an internal control intended to prevent fraud and error.

Verification - The process of examining information contained in an account, report or system to ensure it is accurate and complete.

5.8 Applications Used for Reconciliations

The University will utilize the SAHARA application within PeopleSoft as the official reconciliation tool for cost centers and capital projects. The official reconciliation tool for sponsored projects is the PIC application.

Additional information concerning the SAHARA application and help with account reconciliation may be found on the PeopleSoft website (<https://www.utep.edu/vpba/peoplesoft/>). For training or assistance using the PIC tool, email cgsc@utep.edu (<mailto:cgsc@utep.edu>).

APPENDIX C

The University of Texas at El Paso Monitoring Plan: Segregation of Duties/Reconciliation of Cost Centers/Projects

In accordance with UT System Administration Policy 142.1 (UTS142.1), *Policy on the Annual Financial Report*, section 4.3, each institution is required to develop and maintain a Monitoring Plan for the segregation of duties and reconciliation of cost centers and projects.

The University of Texas at El Paso has an Account Review Policy in the Handbook of Operating Procedures that details the requirements of signatories for reconciling and certifying their corresponding statements of cost center and project activities. Oversight of the reconciliation process is the responsibility of the Vice President of Business Affairs (VPBA) and is validated by the U.T. System Office of Internal Audit.

Monitoring of the segregation of duties and reconciliations will be accomplished through a combination of training, certification, and departmental review by the VPBA.

1. Training – The PeopleSoft Office schedules reconciliation training and workshops throughout the year. Budget review and account reconciliation classes provide users the skills to review and reconcile their accounts. Workshops are available to assist campus users in the reconciliation process and focus on best practices for reconciliation of accounts and segregation of duties. This office is also available for specific training as requested by departments, or as recommended by the VPBA or U.T. System Office of Internal Audit.

2. Certification – University personnel who have signature authority are required to annually certify that there is proper segregation of duties within their departments and required reconciling activity is being performed according to university policy. This is accomplished through the utilization of an electronic certification module sent annually from the Office of the Vice President for Business Affairs. Responsible parties will be notified at the end of the fiscal year of the requirement to log in to the module and complete certification procedures. The certification will list all cost centers or projects the signer is responsible for and will allow for the holder to decline to certify any cost centers or projects not under his or her authority. Results of the certification process will be available to the VPBA and U.T. System Office of Internal Audit in order to track the percentage of cost centers and projects that have been certified. This certification is overseen by the VPBA.

3. Departmental Review – The Office of the VPBA will review for segregation of duties and reconciliation of all departmental expense activity.